

September 2024 Quarterly Activities Report

Strong 3Q 2024 production volumes

"Saleable production for the quarter was strong, supported by numerous production records, and continues to track to Guidance. We ended the quarter with healthy levels of product and ROM stockpiles across our portfolio, which should also support 4Q 2024 sales performance."

Prime hard coking coal prices softened during the quarter with continued weakness in the steel market and high Chinese steel exports suppressing demand in other metallurgical coal importing regions. Late in the quarter, the announcement of stimulus from the Chinese central bank drove a recovery in the price of steel. This has lifted the seaborne steelmaking raw material market, which is now awaiting outcomes of further post-holiday stimulus announcements, as well as the anticipated return of seaborne buying from the Indian market."

Marcelo Matos, Chief Executive Officer & Executive Director

Highlights

- September quarter Run of Mine (ROM) coal mined of 5.8Mt, saleable production of 3.8Mt and total coal sales of 3.9Mt, supported by coal mining and production records at South Walker Creek and Poitrel, tracked well above annualised production rates and keeps the company well on track to meet Guidance
- South Walker Creek mining services contract executed post quarter end, securing certainty for the operation and workforce for a further five years post 2025
- Fully executed and completed the US\$450 million debt facilities refinancing program on September 30
- Completed both the acquisition of 100% of the Eagle Downs project and the Isaac South designated area acquisition agreement with Anglo and Exxaro, supporting the Isaac South Project development pathway
- Closed the quarter with consolidated cash of US\$322 million, with net debt of US\$28 million after accounting for refinanced long term debt facilities and various one-off payments

Consolidated Production & Sales Performance

		Quarter-Ended		Year-to-Date	
		Sept-24	June-24	Sept-24	Sept-23
ROM Coal Mined	Mt	5.8	4.9	15.3	13.6
ROM Strip Ratio	Prime	8.5	8.4	8.3	8.5
Saleable Coal Produced	Mt	3.8	3.4	10.6	9.8
Sales of Produced Coal	Mt	3.9	3.5	10.7	9.1
Sales of Purchased Coal	Mt	0.0	0.0	0.1	0.2
Total Coal Sales	Mt	3.9	3.5	10.8	9.3

Safety

Stanmore's operations had no serious accidents for the quarter. The 12-month rolling Serious Accident Frequency Rate (SAFR) remained steady at 0.46 from 0.48 in the prior quarter which is lower than the industry average of 0.51 (reported as of June 2024 by Resources Safety and Health Queensland for Surface mines).

We continue to prioritise thorough investigations of incidents and injuries, proactively identifying potential hazards, and consistently evaluating our site's existing procedures and risk management processes to ensure ongoing improvement.

In line with our proactive risk management strategy, we have aligned our in-field Leading Safety program, Fatal Risk Control Observations (FRCO) and Critical Control Verifications (CCV) to ensure that the reviewed and updated critical controls are in place and effective.

Operational Highlights

South Walker Creek

		Quarter-Ended		Year-to-Date	
		Sept-24	June-24	Sept-24	Sept-23
ROM Coal Mined	Mt	2.1	2.2	6.4	6.2
ROM Strip Ratio	Prime	11.6	7.5	8.7	8.3
Saleable Coal Produced	Mt	1.6	1.6	4.8	4.7
Total Coal Sales	Mt	1.7	1.7	5.0	4.4

South Walker Creek had another strong production quarter, benefiting from robust mining operations and healthy coal inventories that supported a production profile of 1.6Mt of saleable coal, equivalent to 6.4Mt on an annualised basis. Coal Handling Preparation Plant (CHPP) performance was a standout, with daily and weekly CHPP production records set in September. Strip ratios were higher quarter on quarter as the YS box-cut was completed and overburden crews commenced conventional strip mining in that pit. A total of 613Kt of Y-South coal was mined in the quarter.

Coal sales of 1.7Mt were consistent with saleable production, supported by robust closing raw coal and product inventories. The annual major CHPP shut is scheduled for 4Q 2024 coinciding with the tie-in of the new dense media cyclone module in the plant.

Poitrel

		Quarter-Ended		Year-to-Date	
		Sept-24	June-24	Sept-24	Sept-23
ROM Coal Mined	Mt	2.6	1.5	5.5	4.7
ROM Strip Ratio	Prime	6.2	9.3	7.9	7.3
Saleable Coal Produced	Mt	1.3	1.0	3.4	2.8
Total Coal Sales	Mt	1.3	1.1	3.5	2.6

Poitrel had a record quarter, with several operational improvements resulting in site records for coal mining achieved in both September, and for the quarter enabling a build-up in ROM stockpile inventories of 576Kt. During 3Q, two of the mine's 600t class excavators were replaced with new machines, providing an uplift to equipment availabilities and performance. The mine is currently on track to achieve coal mining targets and preserve healthy levels of ROM stocks heading into the end-of-year period. Saleable coal production is ahead of target year-to-date, tracking to the upper end of full year Guidance, enabled by the increase in ROM stockpile inventories and additional CHPP wash time from the closure of Mavis Downs underground mine.

Isaac Plains Complex

		Quarter-Ended		Year-to-Date	
		Sept-24	June-24	Sept-24	Sept-23
ROM Coal Mined	Mt	1.2	1.0	3.1	2.7
ROM Strip Ratio	Prime	8.1	10.1	8.6	7.7
Saleable Coal Produced	Mt	0.8	0.7	2.1	2.3
Total Coal Sales	Mt	0.8	0.7	2.1	2.3

Isaac Plains Complex's operational performance improved quarter on quarter, recovering from wet weather impacts in 1H 2024 to bring annualised saleable production well within the targeted range. This was supported by a sustained level of improved utilisation of the primary crushing unit at the CHPP, resulting in improved reliability from the plant over the quarter.

Strip ratios decreased in the quarter, as volumes were balanced at the higher strip-ratio Pit 5 area and optimisation of the Isaac Downs mining areas.

Mining fleet performance sustained consistent outputs over the quarter from maintaining focus on improving the underpinning drivers of performance. Confidence remains high in terms of achieving mined volumes and annualised run rates over the remainder of 2024.

Development and Exploration Projects

South Walker Creek

Expansion Project

Following on from the successful completion of the YS Box-cut and project-enabling infrastructure works, first coal was achieved from the Y-South pit in August 2024 in line with plans. Y-South is expected to contribute 13Mt of low strip ratio and high yielding ROM coal adjacent to the CHPP.

The CHPP expansion project progressed impressively throughout 3Q 2024, ultimately supporting the completion of full construction within the month of October. The focus of this project now moves to the final electrical and instrumentation work packages ahead of commissioning, which remains on track for late in 4Q 2024 with the tie-in of the new plant module planned to occur concurrently with the CHPP major shutdown.

MRA2C Project

The creek diversion project continues to progress well, with earthwork productivities remaining ahead of target for the quarter. Bulk earthworks volumes have now reached 6.1 million cubic meters of material moved, currently at 94% of the total estimated figure.

A total of 7.6km of the creek diversion has been excavated and trimmed to profile. Topsoil placement has also progressed well, with 7.3km of placement complete. The project continues to run ahead of schedule and under budget.

Completed Projects at Poitrel and Mavis Downs Underground

Poitrel's Ramp 10 North box cut area was completed early in the quarter, providing for a planned reduction in the fleet size.

The Mavis E-Pit Underground mine has been safely closed and the remainder of the site on care and maintenance. Net coal sales of the last 43Kt Millennium coals occurred during the quarter.

Exploration

Work on the Lancewood Pre-Feasibility study continued through the quarter, including a 3D seismic program and exploration drilling with drill cores taken for coal quality and water monitoring for hydrogeological data. A total of A\$5 million was expended on exploration activities during the quarter.

Following completion of the acquisition of the Western part of the Isaac South Project open cut resources from the Moranbah South JV participants during the quarter, the development of this project will take top priority within our strategic development pipeline, and it is anticipated that throughout the remainder of 2024, engineering design and studies will be completed for the project to support the approvals pathway. A project team has been established and is working to determine the most effective development timeline for the project whilst early environmental approvals data collection along with exploration data collection is being commenced to enable further project work to occur in 2025.

South Walker Creek Mining Services Contract

After an extensive tender process, Stanmore is pleased to announce the execution of a five-year mining services contract at South Walker Creek with Golding Contractors Pty Ltd (Golding) at a value of A\$1.6 billion. The contract will cover pre-strip and coal mining operations consistent with the current contractual arrangements (currently also with Golding as the incumbent operator), with the new five-year term commencing from January 1, 2026.

This contract provides certainty to continued successful operations at South Walker Creek and an ongoing partnership with Golding and its workforce.

Corporate & Guidance

Corporate

Stanmore is pleased to report that following the refinancing announcement in August, we have concluded the negotiation of long-form financing documentation. As such, the US\$350 million term loan was drawn on September 30, 2024, with proceeds used to repay the US\$210 million outstanding principal balance of the BMC acquisition debt facility and accrued interest. The new US\$100 million revolving credit facility will sit alongside the extended US\$70 million GEAR facility, providing additional liquidity for working capital requirements.

As highlighted in previous announcements, the refinance was concluded with commercial banks and financial institutions, resulting in significantly improved interest margins and all-in costs at current base rates, as well enhancing and simplifying our capital structure.

In addition to the refinancing, various corporate activities during the quarter resulted in one-off impacts to cash flow. These included the final BMC contingent consideration payment of US\$150 million made to BHP, as well as completion payments of approximately US\$36 million and US\$15 million for Eagle Downs and Isaac South, respectively. The interim dividend of 4.4 US cps, totalling approximately US\$40 million, was paid to shareholders on September 18, 2024. Capital spend continued to track within our annualised guidance run-rate through the September quarter (as per plan), with US\$39 million invested in the ongoing capital investment program.

These expected one-off expenditures ultimately culminated in a closing cash balance of US\$322 million and net debt¹ of US\$28 million as at September 30, 2024, after accounting for the US\$350 million principal balance of the new term loan.

Guidance

No change to Public Guidance for 2024, which remains as per the Guidance released to the market August 26, 2024.

¹ Unaudited net cash (debt) is calculated as the outstanding principal balance of any balance sheet debt facilities, excluding lease liabilities, less consolidated unrestricted cash on hand.

Metallurgical Coal Markets

The prime hard coking coal price weakened through the quarter with a late surge aligned to the announcement of stimulus measures by the Chinese central bank. Prime hard coking coal closed the quarter at approximately US\$205 per tonne, from an opening level of approximately US\$245 per tonne and a low of around US\$180 per tonne during the quarter. Australian exports performed strongly through the quarter, although this was partly attributable to the release of cargoes that were subject of infrastructure delays late in the second quarter of 2024. The anticipated return of buying interest from the Indian market did not fully materialise as anticipated within the quarter, primarily due to the ongoing surplus of steel and coke supply available in the market during the period.

US\$ Price / Metric Tonne



Notes: S&P Global Commodity Insights Platts Premium Low Vol HCC FOB Australia and Low Vol PCI FOB Australia indices: 1 Jul 2022 to 11 October 2024

Summarised Production Statistics²

		Quarter-Ended		Year-to-Date	
		Sept-24	June-24	Sept-24	Sept-23
ROM Coal Mined	Mt	5.845	4.872	15.282	13.591
South Walker Creek	Mt	2.079	2.248	6.388	6.180
Poitrel	Mt	2.589	1.521	5.512	4.685
Isaac Plains Complex	Mt	1.176	0.980	3.139	2.726
Millennium ¹	Mt	-	0.123	0.242	-
Strip Ratio	Prime	8.5	8.4	8.3	7.8
South Walker Creek	Prime	11.6	7.5	8.7	8.3
Poitrel	Prime	6.2	9.3	7.9	7.3
Isaac Plains Complex	Prime	8.1	10.1	8.6	7.7
Saleable Production	Mt	3.800	3.420	10.560	9.766
South Walker Creek	Mt	1.629	1.572	4.823	4.663
Poitrel	Mt	1.318	1.003	3.402	2.826
Isaac Plains Complex	Mt	0.823	0.743	2.110	2.277
Millennium ¹	Mt	0.030	0.103	0.224	-
Total Coal Sales		3.857	3.546	10.847	9.283
South Walker Creek	Mt	1.741	1.656	4.986	4.448
Poitrel	Mt	1.268	1.067	3.543	2.584
Isaac Plains Complex	Mt	0.787	0.718	2.050	2.251
Millennium ¹	Mt	0.061	0.105	0.267	-
<i>Sales – Coking Coals</i>	%	31%	31%	30%	34%
<i>Sales – PCI</i>	%	64%	62%	64%	60%
<i>Sales – Thermal Coals</i>	%	5%	7%	6%	6%
Product Coal Stockpile		0.535	0.583	0.535	1.018
South Walker Creek	Mt	0.138	0.261	0.138	0.380
Poitrel	Mt	0.200	0.149	0.200	0.445
Isaac Plains Complex	Mt	0.197	0.174	0.197	0.194
Millennium ¹	Mt	-	-	-	-
ROM Coal Stockpile		1.601	1.048	1.601	0.999
South Walker Creek	Mt	0.351	0.343	0.351	0.357
Poitrel	Mt	1.076	0.500	1.076	0.539
Isaac Plains Complex	Mt	0.173	0.160	0.173	0.103
Millennium ¹	Mt	-	0.045	-	-

¹ Note that Millennium's results were not consolidated into the 2023 results as Stanmore only gained control of the asset on December 22, 2023. Millennium underground mining operations ceased June 30, 2024

² Rounding may impact totals when computed in this table

This announcement has been approved for release by the Board of Directors of Stanmore Resources Limited.

Further Information

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Media

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Our Brisbane corporate office is located on Turrbul and Jagera Country, on the banks of Meanjin, while our mining leases sit within Barada Barna, Jangga and Widi country.

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About Stanmore Resources Limited (ASX: SMR)

Stanmore Resources Limited controls and operates the South Walker Creek, Poitrel and Isaac Plains Complex metallurgical coal mines as well as the undeveloped Eagle Downs, Lancewood, Isaac Plains underground and Isaac Plains South projects, in Queensland's prime Bowen Basin region. Stanmore Resources holds several additional high-quality prospective coal tenements located in Queensland's Bowen and Surat basins. The Company is focused on the creation of shareholder value via the efficient operation of its mining assets and the identification of further development opportunities within the region.